Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554

In the Matter of	)	
	)	CC Docket No. 93-129
800 Data Base Access Tariffs and the	)	
800 Service Management System Tariff	)	

SUPPLEMENT TO GTE's DIRECT CASE

GTE Service Corporation, on behalf of the GTE Telephone Operating Companies ("GTOCs") and GTE System Telephone Companies ("GSTCs"), collectively referred to as "GTE," hereby submits the accompanying "Public" version of its cost study as a Supplement to GTE's Direct Case, in the above-captioned tariff investigation in accordance with the Order Designating Issues For Investigation (the "*Designation Order*"), DA 93-930 (released July 19, 1993) and Order, DA 94-150 (released February 14, 1994) (the "*February 14 Order*"). A description of GTE's cost development process was provided in the Direct Case as well as in the original tariff filing establishing 800 Data Base services.

The *Designation Order* required Local Exchange Carriers ("LECs") that use computer models to derive rates for 800 Data Base services to disclose those models on the public record or provide other justification for their rates. On September 20, 1994, GTE filed a Petition for Waiver of the requirements of the cost model filing requirements with the Commission. GTE argued that it is subject to strict nondisclosure agreements and other protective measures with respect to several of its costing models and should not be required by the Commission to submit such proprietary information. In an Order, DA 94-99 (released January 31, 1994), the Common Carrier Bureau rejected GTE's waiver

petition; however, it indicated that it would entertain revised waiver requests to release cost model information to interested parties under protective agreement. GTE filed an additional Petition for Waiver on March 10, 1994, requesting permission to disclose cost model information only to those parties executing protective agreements.

Pursuant to the *February 14 Order*, GTE must make available its cost model data for 800 Data Base services to interested parties by March 15, 1994. The cost study data will be made available at GTE's Washington DC offices to those parties signing a protective agreement not to disclose such information to other parties or to use such information for purposes of than for analyzing GTE's proposed 800 Data Base cost development methodology and rate calculations.

Accordingly, GTE submits the "Public" version of the cost model methodology and relevant information. Separately, GTE is requesting that the "Confidential" version of the study not be released or placed on the public record.

Respectfully submitted,

GTE Service Corporation and
its affiliated domestic
telephone operating companies

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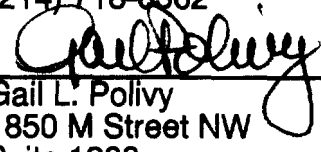

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March 15, 1994

Their Attorneys

Certificate of Service

I, Ann D. Berkowitz, hereby certify that copies of the foregoing "Supplement to GTE's Direct Case" have been mailed by first class United States mail, postage prepaid, on the 15th day of March, 1994 to all parties of record.

Ann D. Berkowitz

GTE TELEPHONE OPERATIONS

Basic and Premium 800 Data Base Query Cost Study Methodology

GTE TELEPHONE OPERATIONS

Basic and Premium 800 Data Base Query

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GTE TELEPHONE OPERATIONS

Basic and Premium 800 Data Base Query
Assumptions and Definitions

ASSUMPTIONS:

1. The SCPs were sized under the assumption that 28% of the 800 Data Base queries were the vertical services type and 72% were the basic type.

2. It was assumed in the study that the only cost differences between the basic and vertical services query were the memory sizing and query processing time at the SCP.

3. Estimates of the cost difference between a basic and vertical services query were made by comparing the relative memory and processing costs of SCPs configured for 100% basic transactions and 100% vertical services transactions, respectively.

4. The costing methodology used by GTE was not an engineering process cost model (CCSCIS, SCIS), whereby busy hour demand is translated into equipment pieces, which are then costed from a discounted piece parts vendor price list. GTE used actual invoiced cost for equipment that was in place at the time of the study, and prospective vendor cost estimates for equipment that was not in place at the time of the study.

5. GTE used a multi-year approach in cost estimation because costs incurred by the Company to support this service spread over more than a single year.

6. SSP RTU Fees included in the study are exclusively for the provision of Database 800 services. SSP RTU Fees for LIDB are incurred at other central office locations, and have been excluded from the Data Base 800 cost analysis.

7. Call setup, query origination, and CLASS call and feature setup forecasts were transformed into message signaling units (MSUs -see definition below), which served as a common denominator. This allowed for the allocation of costs based upon relative MSU forecast.

8. The unit costs calculated reflected the division of total provisioning costs by total query volume. Interstate traffic was estimated to represent 66.75% of the total volume of queries, with the remaining 33.25% for intrastate queries. The costs were allocated on this same basis, 66.75 % / 33.25 %, which yields the same costs per query on an interstate and intrastate basis.

9. The discount rate used for present value calculations was the authorized overall rate of return of 11.25%.

DEFINITIONS:

1. **Message Signaling Unit (MSU):** A generic unit of transaction processing in the SS7 protocol. Each MSU is made up of octets (8 bits) of customer and routing information. Different types of transactions require different numbers (and octet composition) of MSUs. Each exchange trunk setup requires the SS7 system to generate 6 MSUs; each data base transaction generates 2 MSUs; each CLASS call generates 6 trunk setup MSUs plus from several to many individual feature MSUs. In this study, a statistical average of 15 MSUs per CLASS call was used.

2. **SMS:** Service Management System

3. **SEAS:** Signaling Engineering and Administration System

4. **SSP:** Service Switching Point

5. **STP:** Signal Transfer Point

6. **SCP:** Service Control Point

7. **QRS:** Query Response Service

8. **CLASS:** Custom Calling Local Area Signaling Service

9. **ABS:** Alternatively Billed Service (GTE internal validation)

10. **LIDB:** Line Information Data Base

11. **RTU:** Right to Use (Fee)

GTE TELEPHONE OPERATIONS

Basic and Premium 800 Data Base Query
Calculation of Query Forecast Quantities

Worksheet 1

Discount Rate:
11.25%

	1992	1993	1994	1995	1996	TOTAL
FORECASTED Message Signaling Units (MSUs):						
InterLATA MTS Call Setup	*	*	*	*	*	*
IntraLATA MTS, Local Call Setup						
ABS Database Query						
CIRS Database Query						
LIDB Database Query						
CLASS Call Setup/Features	*	*	*	*	*	*
DB800 Database Query	0	1,713,607,200	4,336,682,000	4,835,932,000	5,347,610,000	16,235,831,200
Total Undiscounted MSUs	2,082,544,107	13,936,596,000	28,975,166,318	74,168,282,179	94,214,768,227	213,406,176,831
Present Value by Year-All MSUs	1,880,936,523	11,280,314,001	21,042,444,960	48,432,988,756	55,266,473,102	
Total Present Value-All MSUs	137,903,139,362					
Selected Quantities for DB800 Allocations:						
Total Undiscounted SCP (LIBD & DB800) MSUs	1,844,769,658	3,779,499,532	6,446,078,592	6,985,145,432	7,536,355,330	
Present Value by Year-SCP (LIDB & DB800) MSUs	1,658,219,917	3,307,362,950	5,798,025,701	6,278,782,411	6,774,251,982	
Total Present Value-SCP (LIBD & DB800) MSUs	23,904,562,961					
	*	*	*	*	*	
	!	x	x	x	x	
	*					
Total Undiscounted DB800 MSUs	0	1,713,607,200	4,336,682,000	4,835,932,000	5,347,610,000	16,235,831,200
Present Value by Year-DB800 MSUs	0	1,540,321,079	3,899,938,876	4,346,906,169	4,806,840,449	
Total Present Value-DB800 MSUs	14,594,005,573					
Total Present Value-DB800 MSU Composition:						
Vertical Service DB800 MSUs	28.00%	4,088,321,560.45				
Basic DB800 MSUs	72.00%	10,507,884,012.58				11,689,798,464.00
Number of MSUs per DB800 query	2			Input to Worksheet #10, Column C		5,844,899,232.00
Total Present Value-Vertical Service DB800 Queries		2,043,160,780.22	Input to Worksheet #8, Column D			
Total Present Value- Basic DB800 Queries		5,253,942,006.29	Input to Worksheet #8, Column H			
Relative Usage Allocation Factors for DB800:						
RATIO 1 DB800 MSUs / SCP MSUs	61.0511%					
RATIO 2 DB800 MSUs / TOTAL MSUs	10.5626%					

GTE TELEPHONE OPERATIONS

Basic and Premium 800 Data Base Query
Calculation of STP Investment and Expenses

Worksheet 2

				1992	1993	1994	1995	1996	TOTAL
1	**S T P Equipment**								
2									
3		STP CAPITALIZED HARDWARE:	CA	$9,134,100	$7,967,283	$415,800	$0	$0	$17,517,183.00
4			HI	$1,606,000	$4,700,000	$0	$0	$0	$6,500,000.00
5			WA	$4,264,800	$579,360	$207,000	$268,360	$378,000	$5,688,130.00
6			FL	$5,029,300	$3,150,000	$0	$0	$0	$8,679,300.00
7			KY	$3,382,200	$0	$1,528,559	$56,250	$675,000	$5,642,009.00
8			VA	$0	$0	$0	$0	$168,750	$168,750.00
9			PA	$0	$2,578,285	$0	$0	$513,527	$3,091,732.00
10			OH	$0	$0	$0	$3,268,333	$1,406,269	$4,614,683.00
11			IN	$3,509,250	$500,000	$0	$4,625,976	$1,027,055	$9,662,281.00
12			IL	$3,609,250	$600,000		$2,535,940	$2,239,406	$8,984,596.00
13			MO	$0	$0	$0	$0	$3,000,000	$3,000,000.00
14			TX	$4,254,100	$0	$0	$0	$3,450,000	$7,704,100.00
15			OR	$0	$0	$3,206,333	$562,500	$787,500	$4,556,333.00
16		Total Undiscounted Dollars		$35,372,700	$19,674,758	$5,380,592	$11,287,379	$13,745,487	$85,710,916.00
17		Present Value of Dollars by Year		$31,785,685.39	$16,139,180.81	$3,893,253.81	$7,349,151.65	$8,066,033.72	
18		Total Present Value of Dollars		$67,243,305.18					
19									
20		Total Present Value of Dollars to be	63.00%	$42,363,282.26					
21		Recovered Through Usage Elements *			VERT/BASIC Allocation				
22		Allocation to DB800 (RATIO 2)	10.5828%	$4,483,219.02	28.00%	$1,256,301.33	Input to Worksheet #8, Column C, Line 3		
23					72.00%	$3,227,917.70	Input to Worksheet #8, Column G, Line 3		
24		Total Undiscounted Value of Dollars to be	63.00%						$53,997,877.06
25		Recovered Through Usage Elements *							
26		Allocation to DB800 (RATIO 2)	10.5828%				Input to Worksheet #8, Column A, Line 3		$5,714,484.26
27									
28									
29		STP EXPENSED SOFTWARE / RTUFs:							
30			CA	$3,414,700	$12,606,574	$800,000	$1,217,760	$800,000	$18,339,034.00
31			HI	$200,000	$540,000	$200,000	$200,000	$200,000	$1,340,000.00
32			WA	$1,532,800	$884,074	$508,880	$648,280	$761,800	$4,136,834.00
33			FL	$618,000	$804,800	$200,000	$200,000	$200,000	$2,022,800.00
34			KY	$783,300	$200,000	$493,483	$210,880	$329,600	$2,017,183.00
35			VA	$0	$200,000	$200,000	$200,000	$297,200	$897,200.00
36			PA	$0	$1,413,560	$200,000	$200,000	$425,243	$2,238,803.00
37			OH	$0	$0	$0	$550,000	$470,000	$1,020,000.00
38			IN	$997,700	$200,000	$200,000	$2,567,386	$650,486	$4,615,552.00
39			IL	$997,700	$0	$0	$1,560,387	$1,226,105	$3,814,192.00
40			MO	$0	$0	$0	$0	$500,000	$500,000.00
41			TX	$841,400	$200,000	$200,000	$200,000	$786,400	$2,227,800.00
42			OR	$0	$0	$550,000	$308,000	$351,200	$1,209,200.00
43		Total Undiscounted Dollars		$9,385,600	$16,749,008	$3,352,363	$8,093,593	$6,797,834	$44,378,398.00
44		Present Value of Dollars by Year		$8,436,494.38	$13,532,843.23	$2,434,730.97	$5,283,738.10	$3,989,058.97	
45		Total Present Value of Dollars		$33,676,865.65					
46									
47		Total Present Value of Dollars to be	63.00%	$21,216,425.36					
48		Recovered Through Usage Elements *			VERT/BASIC Allocation				
49		Allocation to DB800 (RATIO 2)	10.5828%	$2,245,290.85	28.00%	$628,881.38	Input to Worksheet #8, Column C, Line 11		
50					72.00%	$1,616,409.27	Input to Worksheet #8, Column G, Line 11		
51		Total Undiscounted Value of Dollars to be	63.00%						$27,958,390.74
52		Recovered Through Usage Elements *							
53		Allocation to DB800 (RATIO 2)	10.5828%				Input to Worksheet #8, Column A, Line 11		$2,958,778.98
54									
55	* 37 % of STP Cost is Recovered through CCS7A STP Port rate elements.								

GTE TELEPHONE OPERATIONS

Basic and Premium 800 Data Base Query
Calculation of SCP Investment and Expenses

Worksheet 3A

			1992	1993	1994	1995	1996	TOTAL
1	S C P Equipment							
2								
3	SCP CAPITALIZED HARDWARE:							
4								
5								
6	Total Undiscounted Dollars		$5,683,065	$5,314,200	$0	$0	$0	$10,997,264.62
7	Present Value of Dollars by Year		$5,108,372.69	$4,293,760.89	$0.00	$0.00	$0.00	
8	*Total Present Value of Dollars with 72/28 config.*		$9,402,133.58					
9								
10	Allocation to DB800 (RATIO 1)	61.0511%						$6,713,048.59
11								
12	Undiscounted Dollar Adjustment for 100% Vertical Svcs.		$376,106.03	From Worksheet 4B, Line 33				
13	Total Undiscounted Dollars-100% Vert. Svcs. Config.		$6,059,171	$5,314,200	$0	$0	$0	$11,373,370.65
14	Present Value of Dollars by Year		$5,446,445.53	$4,293,760.89	$0.00	$0.00	$0.00	
15	Total Present Value-100 % Vertical Svcs. Query Config.		$9,740,206.42					
16				VERT/BASIC Allocation				
17	Allocation to DB800 (RATIO 1)	61.0511%	$5,948,501.01	28.00%	$1,665,020.28	Input to Worksheet #8, Column C, Line 1A		
18				72.00%	$4,281,480.73	Not used		
19	Undiscounted Value of Dollars							$11,373,370.65
20								
21	Allocation to DB800 (RATIO 1)	61.0511%				Input to Worksheet #8, Column A, Line 1A		$6,943,565.38
22								
23								
24	Undiscounted Dollar Adjustment for 100% Basic		($130,748.88)	From Worksheet 4B, Line 37				
25	Total Undiscounted Dollars-100% Basic Config.		$5,552,315.74	$5,314,200	$0	$0	$0	$10,866,515.74
26	Present Value of Dollars by Year		$4,960,845.62	$4,293,760.89	$0.00	$0.00	$0.00	
27	Total Present Value-100 % Basic Query Config.		$9,254,606.51					
28				VERT/BASIC Allocation				
29	Allocation to DB800 (RATIO 1)	61.0511%	$5,648,352.35	28.00%	$1,567,136.86	Not used		
30				72.00%	$4,081,213.70	Input to Worksheet #8, Column G, Line 1B		
31	Undiscounted Value of Dollars							$10,866,515.74
32								
33	Allocation to DB800 (RATIO 1)	61.0511%				Input to Worksheet #8, Column A, Line 1B		$6,634,125.00
34								
35								
36	SCP EXPENSED SOFTWARE/RTUFs-Common:							
37								
38								
39								
40								
41								
42								
43								
44	Total Undiscounted Dollars		$9,362,420	$4,076,620	$4,076,620	$4,076,620	$4,076,620	$25,668,900.00
45	Present Value of Dollars by Year		$8,415,656.43	$3,293,822.50	$2,980,739.32	$2,661,338.72	$2,392,214.58	
46	Total Present Value of Dollars		$19,723,773.54					
47				VERT/BASIC Allocation				
48	Allocation to DB800 (RATIO 1)	61.0511%	$12,041,578.36	28.00%	$3,371,641.36	Input to Worksheet #8, Column C, Line 9		
49				72.00%	$8,669,934.96	Input to Worksheet #8, Column G, Line 9		

GTE TELEPHONE OPERATIONS

Basic and Premium 800 Data Base Query
Calculation of SCP Investment and Expenses

Worksheet 3B

			1992	1993	1994	1995	1996	TOTAL
Undiscounted Value of Dollars								$25,668,900.00
Allocation to DB800 (RATIO 1)	61.0511%					Input to Worksheet #8, Column A, Line 9		$15,671,140.14
SCP EXPENSED SOFTWARE/RTUFs-DB00 only:								
Total Undiscounted Dollars			$10,215,640	$217,240	$217,240	$217,240	$217,240	$11,084,800.00
Present Value of Dollars by Year			$9,162,777.53	$175,525.31	$157,775.56	$141,820.73	$127,479.31	
Total Present Value of Dollars			$9,785,378.44					
				VERT/BASIC Allocation				
Allocation to DB800 (100%)			$9,785,378.44	28.00%	$2,739,905.96	Input to Worksheet #8, Column C, Line 7		
				72.00%	$7,045,472.48	Input to Worksheet #8, Column G, Line 7		
Undiscounted Value of Dollars								$11,084,800.00
Allocation to DB800 (100%)						Input to Worksheet #8, Column A, Line 7		$11,084,800.00

GTE TELEPHONE OPERATIONS

Basic and Premium 800 Data Base Query

Calculation of SCP Processing/Memory Costs

Worksheet 4A

GTE TELEPHONE OPERATIONS
Basic and Premium 800 Data Base Query
Calculation of SCP Processing/Memory Costs

Worksheet 4B

GTE TELEPHONE OPERATIONS

Basic and Premium 800 Data Base Query
Calculation of Link Expenses

Worksheet 5

			1992	1993	1994	1995	1996	TOTAL
1	**COMMON LINK EXPENSE:**							
2								
3	A-Link Expense		$2,660,520	$2,660,520	$2,660,520	$2,660,520	$2,660,520	$13,302,600.00
4	Total Undiscounted Dollars		$2,660,520	$2,660,520	$2,660,520	$2,660,520	$2,660,520	
5	Present Value of Dollars by Year		$2,391,478.65	$2,149,843.73	$1,932,284.03	$1,736,866.54	$1,561,228.35	
6	Total Present Value of Dollars		$9,771,481.31					
7								
8								
9	C-Link Expense		$25,524	$25,524	$25,524	$25,524	$25,524	$127,620.00
10	Total Undiscounted Dollars		$25,524	$25,524	$25,524	$25,524	$25,524	
11	Present Value of Dollars by Year		$22,942.92	$20,622.65	$18,537.39	$16,662.63	$14,977.82	
12	Total Present Value of Dollars		$93,743.61					
13								
14								
15	D-Link Expense		$201,300	$201,300	$201,300	$201,300	$201,300	$1,006,500.00
16	Total Undiscounted Dollars		$201,300	$201,300	$201,300	$201,300	$201,300	
17	Present Value of Dollars by Year		$180,943.62	$162,646.13	$146,198.77	$131,414.62	$118,125.50	
18	Total Present Value of Dollars		$739,328.65					
19								
20								
21	Sum Total Present Value of Dollars (Lines 6 + 12 + 18)		$10,604,553.97					
22				VERT/BASIC Allocation				
23	Allocation to DB800 (RATIO 2)	10.5828%	$1,122,298.13	28.00%	$314,232.28	Input to Worksheet #8, Column C, Line 12		
24				72.00%	$808,025.88	Input to Worksheet #8, Column G, Line 12		
25	Sum Undiscounted Total Value of Dollars (Lines 3 + 9 + 15)							$14,436,720.00
26								
27	Allocation to DB800 (RATIO 2)	10.5828%				Input to Worksheet #8, Column A, Line 12		$1,527,809.38
28								
29								
30	**DEDICATED SMS TO SCP LINK EXPENSE:**							
31								
32	SMS to SCP Data Link Expense		$86,710	$86,710	$86,710	$86,710	$86,710	$433,548.00
33	Total Undiscounted Dollars		$86,710	$86,710	$86,710	$86,710	$86,710	
34	Present Value of Dollars by Year		$77,941.21	$70,059.52	$62,974.85	$56,606.60	$50,862.34	
35	Total Present Value of Dollars		$318,464.52					
36				VERT/BASIC Allocation				
37	Allocation to DB800 (100 %)		$318,464.52	28.00%	$89,170.07	Input to Worksheet #8, Column C, Line 8		
38				72.00%	$229,294.46	Input to Worksheet #8, Column G, Line 8		
39	Undiscounted Value of Dollars							$433,548.00
40								
41	Allocation to DB800 (100 %)					Input to Worksheet #8, Column A, Line 8		$433,548.00

GTE TELEPHONE OPERATIONS

Basic and Premium 800 Data Base Query
Calculation of SSP, SEAS, and SMS Investment and Expenses

Worksheet 6A

1	**TANDEM/END OFFICE:**		1992	1993	1994	1995	1996	TOTAL
2								
3	800 SSP CAPITALIZED COSTS *		$0	$0	$0	$0	$0	
4								
5	800 SSP EXPENSED RTU FEES-TANDEM		$7,709,000	$0	$0	$0	$0	
6	800 SSP EXPENSED RTU FEES-END OFFICE		$10,230,000.00	$0	$0	$0	$0	
7	Total Undiscounted Dollars		$17,939,000	$0	$0	$0	$0	$17,930,000.00
8	Present Value of Dollars by Year		$16,116,853.93	$0.00	$0.00	$0.00	$0.00	
9	Total Present Value of Dollars		$16,116,853.93					
10				VERT/BASIC Allocation				
11	Allocation to DB800 (100 %)		$16,116,853.93	28.00%	$4,512,719.10	Input to Worksheet #8, Column C, Line 5		
12				72.00%	$11,604,134.83	Input to Worksheet #8, Column G, Line 5		
13	Undiscounted Value of Dollars							$17,930,000.00
14								
15	Allocation to DB800 (100 %)					Input to Worksheet #8, Column A, Line 5		$17,930,000.00
16								
17	* Switching costs cannot be distinguished from upgrades for CLASS, POTS, etc., and are not incremental to the provision of Database 800 Services.							
18								
19	**SEAS COST:**							
20								
21	SEAS Enhancements:							
22	Total SEAS Required Enhancements		$412,700	$412,700	$412,700	$412,700	$412,700	
23	Total SEAS Optional Enhancements		$61,000	$61,000	$61,000	$61,000	$61,000	
24	Total Undiscounted Dollars		$473,700	$473,700	$473,700	$473,700	$473,700	$2,368,500.00
25	Present Value of Dollars by Year		$425,797.75	$382,739.55	$344,035.55	$309,245.44	$277,973.43	
26	Total Present Value of Dollars		$1,738,791.73					
27								
28								
29	SEAS Operational Costs:		$3,939,059	$3,939,059	$3,939,059	$3,939,059	$3,939,059	
30	Total Undiscounted Dollars		$3,939,059	$3,939,059	$3,939,059	$3,939,059	$3,939,059	$19,695,295.00
31	Present Value of Dollars by Year		$3,540,727.19	$3,182,676.13	$2,860,832.47	$2,571,534.81	$2,311,491.98	
32	Total Present Value of Dollars		$14,467,262.56					
33								
34	Total Present Value of SEAS Cost (Lines 27 + 34)		$16,207,054.29					
35				VERT/BASIC Allocation				
36	Allocation to DB800 (RATIO 2)	10.5826%	$1,715,159.22	28.00%	$480,244.58	Input to Worksheet #8, Column C, Line 10		
37				72.00%	$1,234,914.64	Input to Worksheet #8, Column G, Line 10		
38	Undiscounted Value of Dollars (Lines 25 + 31)							$22,063,795.00
39								
40	Allocation to DB800 (RATIO 2)	10.5826%				Input to Worksheet #8, Column A, Line 10		$2,334,966.04
41								
42	**SMS COST:**							
43								
44	Capitalized Billing Cost for Disk Drives & Memory		$550,000.00	$0.00	$0.00	$0.00	$0.00	$550,000.00
45	Present Value of Dollars by Year		$494,382.02	$0.00	$0.00	$0.00	$0.00	
46	Total Present Value of Dollars		$494,382.02					
47				VERT/BASIC Allocation				
48	Allocation to DB800 (100 %)		$494,382.02	28.00%	$138,428.97	Input to Worksheet #8, Column C, Line 2		
49				72.00%	$355,955.06	Input to Worksheet #8, Column G, Line 2		

GTE TELEPHONE OPERATIONS

Basic and Premium 800 Data Base Query
Calculation of SSP, SEAS, and SMS Investment and Expenses

Worksheet 6B

		1992	1993	1994	1995	1996	TOTAL
3	Undiscounted Value of Dollars						$550,000.00
5	Allocation to DB800 (100 %)				Input to Worksheet #8, Column A, Line 2		$550,000.00
8	SMS Annual Expense (From Worksheet 7, Line 26)	$1,369,770	$1,428,809	$1,509,249	$1,575,262	$1,654,025	
9	Total Undiscounted Dollars	$1,369,770	$1,428,809	$1,509,249	$1,575,262	$1,654,025	$7,519,114.78
10	Present Value of Dollars by Year	$1,223,184.30	$1,154,447.20	$1,089,580.82	$1,026,377.86	$970,603.64	
11	Total Present Value of Dollars	$5,466,183.41					
12			VERT/BASIC Allocation				
13	Allocation to DB800 (100 %)	$5,466,183.41	28.00%	$1,530,531.36	Input to Worksheet #8, Column C, Line 6		
14			72.00%	$3,935,652.06	Input to Worksheet #8, Column G, Line 6		
15	Undiscounted Value of Dollars						$7,519,114.78
17	Allocation to DB800 (100 %)				Input to Worksheet #8, Column A, Line 6		$7,519,114.78

GTE TELEPHONE OPERATIONS

Basic and Premium 800 Data Base Query
Calculation of SMS Annual Expenses

Worksheet 7

GTE TELEPHONE OPERATIONS

Basic and Premium 800 Data Base Query
Calculation of Query Investment and Expenses

		(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)
		TOTAL DATA BASE 800 UNDISCOUNTED COST	TOTAL DATA BASE 800 UNDISCOUNT. COST ALLOCATED TO VERTICAL QUERIES (A) * .28	TOTAL DATA BASE 800 DISCOUNT. COST ALLOCATED TO VERTICAL QUERIES	TOTAL 800 DATA BASE DISCOUNTED VERTICAL QUERIES	VERTICAL SERVICES COST PER QUERY (C) / (D)	TOTAL DATA BASE 800 UNDISCOUNT. COST ALLOCATED TO BASIC QUERIES (A) * .72	TOTAL DATA BASE 800 DISCOUNT. COST ALLOCATED TO BASIC QUERIES	TOTAL DATA BASE 800 DISCOUNTED BASIC QUERIES	BASIC COST PER QUERY (G) / (H)
1A	SCP CAPITALIZED COST - SIZED 100% VERTICAL	$6,943,995 Worksheet 3A, Line 21	$1,944,189	$1,[illegible] Worksheet 3A, Line 17	2,043,160,780.22 Worksheet 1, Line 39	$0.000916	—	—	—	—
1B	SCP CAPITALIZED COST - SIZED 100 % BASIC	$6,634,125 Worksheet 3A, Line 33	—	—	—	—	$4,776,570	$4,081,214 Worksheet 3A, Line 59	5,253,842,008.29 Worksheet 1, Line 40	$0.000777
2	SMS BILLING	$550,000 Worksheet 6B, Line 5	$154,000	$136,428.97 Worksheet 6A, Line 48	2,043,160,780.22 Worksheet 1, Line 39	$0.000069	$396,000	$356,855.06 Worksheet 6A, Line 49	5,253,842,008.29 Worksheet 1, Line 40	$0.000068
3	STP CAPITALIZED COST	$5,714,494 Worksheet 7, Line 28	$1,600,058	$1,255,301.33 Worksheet 2, Line 22	2,043,160,780.22 Worksheet 1, Line 39	$0.000614	$4,114,429	$3,227,917.70 Worksheet 2, Line 23	5,253,842,008.29 Worksheet 1, Line 40	$0.000614
4A	TOTAL CAPITALIZED VERTICAL QUERY COST (SUM OF LINES 1A + 2 + 3)					$0.001497	Input to Worksheet 9, Line 5			
4B	TOTAL CAPITALIZED BASIC QUERY COST (SUM OF LINES 1B + 2 + 3)									$0.001459
5.	TANDEM/END OFFICE SSP RTU FEES	$17,930,000 Worksheet 6A, Line 15	$5,020,400.00	$4,512,719.10 Worksheet 6A, Line 11	2,043,160,780.22 Worksheet 1, Line 39	$0.002209	$12,909,600	$11,604,134.83 Worksheet 6A, Line 12	5,253,842,008.29 Worksheet 1, Line 40	$0.002209
6	SMS EXPENSE	$7,519,116 Worksheet 6B, Line 17	$2,105,352.14	$1,530,531.38 Worksheet 6B, Line 13	2,043,160,780.22 Worksheet 1, Line 39	$0.000749	$5,413,763	$3,935,652.66 Worksheet 6B, Line 14	5,253,842,008.29 Worksheet 1, Line 40	$0.000749
7	SCP 800 DATA BASE SOFTWARE/RTU FEES	$11,084,800 Worksheet 3B, Line 20	$3,103,744.00	$2,738,965.96 Worksheet 3B, Line 16	2,043,160,780.22 Worksheet 1, Line 39	$0.001341	$7,981,056	$7,043,472.46 Worksheet 3B, Line 17	5,253,842,008.29 Worksheet 1, Line 40	$0.001341
8	SMS TO SCP LINKS	$433,546 Worksheet 6, Line 41	$121,393.44	$89,170.07 Worksheet 5, Line 37	2,043,160,780.22 Worksheet 1, Line 39	$0.000044	$312,155	$229,294.46 Worksheet 5, Line 38	5,253,842,008.29 Worksheet 1, Line 40	$0.000044
9.	SCP COMMON EXPENSED SOFTWARE/RTU FEES	$15,671,140 Worksheet 3B, Line 5	$4,387,919.24	$3,371,841.38 Worksheet 3A, Line 48	2,043,160,780.22 Worksheet 1, Line 39	$0.001650	$11,283,221	$8,[illegible] Worksheet 3A, Line 49	5,253,842,008.29 Worksheet 1, Line 40	$0.001650
10.	SEAS EXPENSE	$2,334,965 Worksheet 6A, Line 40	$653,790.40	$480,244.98 Worksheet 6A, Line 36	2,043,160,780.22 Worksheet 1, Line 39	$0.000236	$1,681,175	$1,234,914.64 Worksheet 6A, Line 37	5,253,842,008.29 Worksheet 1, Line 40	$0.000235
11	STP SOFTWARE/RTU FEES	$2,958,779 Worksheet 2, Line 53	$828,458.11	$628,651.36 Worksheet 2, Line 49	2,043,160,780.22 Worksheet 1, Line 39	$0.000308	$2,130,321	$1,616,606 Worksheet 2, Line 50	5,253,842,008.29 Worksheet 1, Line 40	$0.000308
12.	LINK EXPENSE	$1,527,908 Worksheet 5, Line 27	$427,790.33	$314,232.28 Worksheet 5, Line 23	2,043,160,780.22 Worksheet 1, Line 39	$0.000154	$1,100,022	$808,026.86 Worksheet 5, Line 24	5,253,842,008.25 Worksheet 1, Line 40	$0.000154
13A	TOTAL EXPENSED VERTICAL QUERY SERVICES COST (SUM OF LINES 5 THROUGH 12)					$0.006689	Input to Worksheet 9, Line 33			
13B	TOTAL EXPENSED BASIC QUERY COST (SUM OF LINES 5 THROUGH 12)									$0.006689

- CORRECTION OF REPORTING ERROR ON ATTACHMENT 1 EXPANDED BASIC/VERTICAL DETAIL -$1,569,833 REPLACED BY $1,527,908 THE COST PER QUERY IS UNCHANGED.

GTE TELEPHONE OPERATIONS

Basic and Premium 800 Data Base Query

Calculation of Cost and Price for Premium Query

Worksheet 9

1		Revenue Life Years	7										
2		Capital Structure:	% Debt Capital		42.1000%	% Equity Capital		57.9000%					
3			Debt Interest Rate		9.1067%	Return On Equity		12.8065%					
4		Cost of Money	11.2500%										
5	A	CAPITALIZED COST (Worksheet 8, Column E, Line 4A)	$0.001497										
6		Net Salvage	5.22%										
7		Depreciable Factor	94.78%										
8		Straight Line Depreciation	$0.000203										
9		Federal Income Tax Rate	34.00%										
10		State Income Tax Rate	6.42%										
11		Composite Income Tax Rate	37.66%										
12		Tax Phi Factor	0.3969										
13		Maintenance Factor	9.09%										
14		Administration Factor	11.63%										
15		Other Tax Factor	0.93%										
16		Gross Receipts Tax Rate-SCP/STP State Avg.	0.63%										
17		Gross Receipts Tax Rate-National Average	1.30%										
18		Labor Inflation Rate	3.30%										
			YEAR 1		YEAR 2		YEAR 3		YEAR 4	YEAR 5		YEAR 6	YEAR 7
19		Net Book	$0.001497		$0.001294		$0.001092		$0.000889	$0.000686		$0.000484	$0.000281
20		Straight Line Depreciation	$0.000203		$0.000203		$0.000203		$0.000203	$0.000203		$0.000203	$0.000203
21		Net Salvage Value											$0.000078
22		Return	$0.000168		$0.000146		$0.000123		$0.000100	$0.000077		$0.000054	$0.000032
23		Income Tax	$0.000067		$0.000058		$0.000049		$0.000040	$0.000031		$0.000022	$0.000013
24		Maintenance Expense	$0.000136		$0.000141		$0.000145		$0.000150	$0.000155		$0.000160	$0.000165
25		Administration Expense	$0.000174		$0.000174		$0.000174		$0.000174	$0.000174		$0.000174	$0.000174
26		Other Tax Expense	$0.000014		$0.000014		$0.000014		$0.000014	$0.000014		$0.000014	$0.000014
27		Total Before GRT (L20 + Sum of L22 L26)	$0.000762		$0.000735		$0.000706		$0.000681	$0.000654		$0.000627	$0.000600
28		Gross Receipts Tax	$0.000006		$0.000006		$0.000006		$0.000006	$0.000005		$0.000005	$0.000005
29		Total Capital Cost	$0.000769		$0.000741		$0.000714		$0.000686	$0.000659		$0.000632	$0.000605
30		Present Value Factors	0.8999		0.8080		0.7263		0.6528	0.5868		0.5275	0.4741
31		Discounted Capital Cost	$0.000691		$0.000599		$0.000518		$0.000448	$0.000387		$0.000333	$0.000287
32		CAPITAL COST PER QUERY	$0.003263										
33	B	EXPENSED COST (Worksheet 8, Column E, Line 13A)	$0.006689										
34		Gross Receipts Tax	$0.000086										
35		EXPENSED COST PER QUERY	$0.006777										
36	C	TOTAL COST PER QUERY (L32 + L35)	$0.010040			PROPOSED RATE =		$0.01000					

GTE TELEPHONE OPERATIONS

Basic and Premium 800 Data Base Query
Calculation of Exogenous Basic Query Adjustment

Worksheet 10

		(A) TOTAL DATA BASE 800 UNDISCOUNTED INVESTMENT	(B) TOTAL DATA BASE 800 UNDISCOUNT. COST ALLOCATED TO BASIC QUERIES (A) * .72	(C) TOTAL DATA BASE 800 UNDISCOUNTED BASIC QUERIES Worksheet 1, Total Column, Line 37	(D) INVESTMENT PER UNIT (B) / (C)	(E) EXOGENOUS INVESTMENT PER UNIT
1.	SCP CAPITALIZED COST - SIZED 72 % BASIC 28 % VERTICAL	$6,713,949 Worksheet 3A, Line 10	$4,834,043	5,844,899,232.00	$0.000827	$0.000827
2.	SMS BILLING	$550,000 Worksheet 6B, Line 5	$396,000	5,844,899,232.00	$0.000068	$0.000068
3.	STP CAPITALIZED COST	$5,714,484 Worksheet 2, Line 26	$4,114,429	5,844,899,232.00	$0.000704	Not Exogenous
4.	TANDEM/END OFFICE SSP RTU FEES	$17,930,000 Worksheet 6A, Line 15	$12,909,600	5,844,899,232.00	$0.002209	$0.002209
5.	SMS EXPENSE	$7,519,115 Worksheet 6B, Line 17	$5,413,763	5,844,899,232.00	$0.000926	$0.000926
6.	SCP 800 DATA BASE SOFTWARE/RTU FEES	$11,084,800 Worksheet 3B, Line 20	$7,981,056	5,844,899,232.00	$0.001365	$0.001365
7.	SMS TO SCP LINKS	$433,548 Worksheet 5, Line 41	$312,155	5,844,899,232.00	$0.000053	$0.000053
8.	SCP COMMON EXPENSED SOFTWARE/RTU FEES	$15,671,140 Worksheet 3B, Line 5	$11,283,221	5,844,899,232.00	$0.001930	$0.001930
9.	SEAS EXPENSE	$2,334,966 Worksheet 6A, Line 40	$1,681,176	5,844,899,232.00	$0.000288	Not Exogenous
10.	STP SOFTWARE/RTU FEES	$2,958,779 Worksheet 2, Line 53	$2,130,321	5,844,899,232.00	$0.000364	Not Exogenous
11.	LINK EXPENSE	$1,527,808 Worksheet 5, Line 27	$1,100,022	5,844,899,232.00	$0.000188	Not Exogenous
12.	TOTAL EXOGENOUS INVESTMENT PER UNIT (SUM OF LINES 1 THROUGH 11)					$0.007379